

WATER/ABJ/HJL:jlj

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**WATER DIVISION**

**RESOLUTION NO. W-4392**

**May 8, 2003**

**RESOLUTION**

**(RES. W-4392), CALIFORNIA WATER SERVICE COMPANY (CWSC), WESTLAKE DISTRICT. ORDER AUTHORIZING A SURCHARGE TO RECOVER UNDER-COLLECTION IN THE BALANCING ACCOUNT PRODUCING ADDITIONAL ANNUAL REVENUES OF \$1,279,996 OR 9.51% FOR THIS DISTRICT.**

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**SUMMARY**

By Advice Letter No. 1537, filed on February 4, 2003, CWSC seeks revision to its tariff Schedule No. WK-1, General Metered Service, to provide an increase, in revenues of \$1,279,996 or 9.51% for 24 months, to recover an under-collection, including interest, in its purchased water balancing account that was accrued between the most recent decision and November 29, 2001.

This increase will not result in a rate of return greater than last authorized for CWSC.

**BACKGROUND**

CWSC requests authority under the interim Decision (D.) 02-12-055, dated December 17, 2002, to increase rates for water service for its Westlake District to amortize the balancing accounts of this district as of November 29, 2001, with interest, through December 31, 2002.

CWSC serves about 6,550 metered customers in its Westlake District. The present rates for the Westlake District became effective on January 1, 1996, by Advice Letter 1407.

**DISCUSSION**

The amortization of balancing account under-collection requested herein is for the purpose of recovering in rates, incremental changes in purchased power expenses that

have occurred since the present rates became effective plus interest. This rate increase will not result in a return greater than that previously authorized.

D.95-08-058 adopted January 1, 1994 rates. There was an increase on January 1, 1995 of \$0.0036 per kilowatt-hour (kWh).

Effective January 4, 2001, Pacific Gas and Electric Company (PG&E) and Southern California Edison (SCE), the electric suppliers to the CWSC districts, were allowed to impose a surcharge for purchased power of one cent per kWh pursuant to D.01-01-018. Additionally, effective June 1, 2001, pursuant to D.01-05-064, PG&E and SCE were granted additional increases for all rate schedules used by CWSC. The Commission opened an Order Instituting Rulemaking (OIR) R.01-12-009 to investigate its procedures for handling balancing accounts. D.02-12-055 authorized amortization of balancing account balances accrued as of November 29, 2001.

The requested amortization expense will result in an increase, for twenty-four consecutive months, of \$0.1075 per one hundred cubic feet (Ccf).

To ensure that purchased power is being used economically, the Office of Ratepayer Advocates (ORA) reviewed the latest pump efficiency tests for these districts during the most-recent General Rate Case (GRC) proceedings and found the results to be satisfactory.

Service is satisfactory. There are no Commission orders requiring system improvement for this District, nor are there significant service problems requiring corrective action.

To promote water conservation, CWSC has established water conservation programs, when approved in the GRC. Most districts include leak repair and main replacement programs, conservation brochures, bill inserts, water kit distributions, and conservation displays in the office.

### **NOTICE AND PROTESTS**

CWSC has given public notice of the request for an increase by publishing in a local newspaper for Westlake District on February 13, 2003. Proof of Publication has been provided to staff and there were no protest letters received.

**FINDINGS**

1. Per D. 01-01-018 and D.01-05-064 PG&E and SCE were allowed surcharge in their electric rates.
2. As a result, CWSC accumulated a deficit of \$1,279,996 in its balancing account, as of November 29, 2002, including interest.
3. D.02-12-055 authorized recovery of this balance.
4. The Commission finds, after investigation by the Water Division that the rate increases hereby authorized are consistent with interim decision R.01-12-009, and the resulting rates are just and reasonable.

**THEREFORE IT IS ORDERED that:**

1. California Water Service Company is authorized, to file an advice letter to make effective, on five days notice, Westlake District's revised Schedule WK-1, General Metered Service, to impose a surcharge of \$0.1075 for 24 months to amortize the under-collection in its balancing account, and to cancel the presently effective rate schedule.
2. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on May 8, 2003; the following Commissioners voting favorably thereon:

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WILLIAM AHERN  
Executive Director